Your Project Here (YPH)
Risk Management Plan

Baselined: 07/26/99

Last modified: N/A

Owners: Bill Jones, Bob Smith

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Section 1. Introduction

This plan will direct the processes, methods, and tools used to manage risks in the Your Project Here (YPH) Project. All project personnel are responsible for following this plan. This plan is part of the YPH Project Management Plan suite of documents.

1.1 Purpose and Scope

This plan will define the practice of risk management as it should be performed once it reaches maturity within the YPH Project.

1.2 Related Documents and Standards

YPH Project Management Plan directs the activities of the overall project. The Risk Management Plan is subordinate to the Project Management Plan.

Section 2. Overview of Risk Management Practice

2.1 Overview

This section provides an overview of the risk management practice and its relation to YPH's project management. Details are to be found in the following sections.

There are four primary activities performed in the risk management practice:

- identification of risks: a continuous effort to identify and document risks as they are found
- analysis of risks: an estimation of the probability, impact, and timeframe of the risks, classification into sets of related risks, and prioritization of risks relative to each other
- planning risks: decision about what to do with the risks, which, for important risks, will include mitigation plans
- tracking and controlling risks: collection and reporting status information about risks and their mitigation plans (where appropriate) and taking corrective action as needed

The risk management activities will be carried out during day-to-day activities of project personnel as well as during key project meetings.

Only Top 20% risks shall have any resources expended for mitigation. All non-Top N risks shall be watched or accepted.

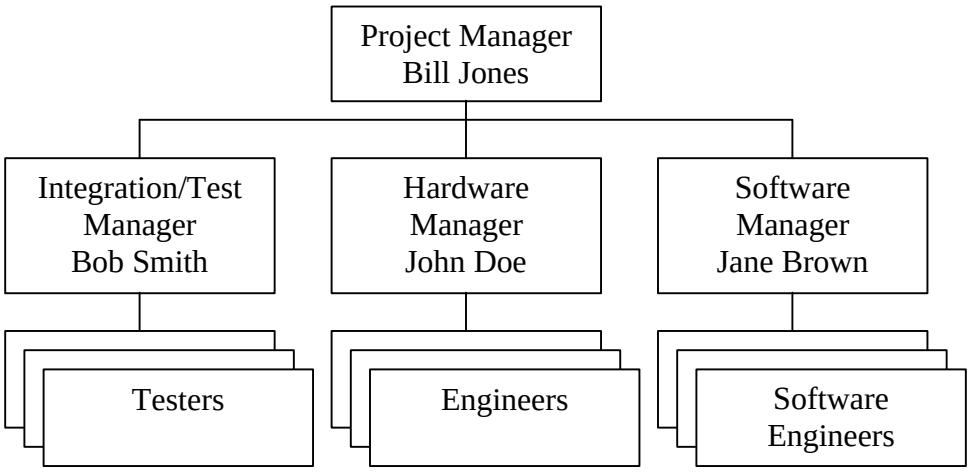
2.2 Project Management Integration

The YPH Project Management Plan calls for the identification, processing, and documentation of changes and problems to the system. Risks will, in general, be considered an equivalent item to problems and changes in terms of tracking and significance during project meetings. Top 20% risks will be handled similar to critical issues, as documented in the Project Management Plan.

Section 3. Organization

3.1 Project Organization

The YPH project organization is defined in the Project Management Plan and repeated here for convenience.



3.2 Project Communication and Responsibilities

The responsibilities of all project personnel are specified in the following table. This table illustrates the type of responsibilities that need to be identified and allocated to the project personnel for the management of risks.

Who	Responsibilities
Individuals	• identify new risks • estimate probability, impact, and timeframe • classify risks • recommend approach and actions • track risks and mitigation plans (acquire, compile, and report)
SW Manager, HW Manager, and Integration/Test Manager	• ensure accuracy of probability/impact/timeframe estimates and the classification • review recommendations on approach and actions • build action plans (determine approach, define scope & actions) • report their Top N risks and issues to the project manager • collect and report general risk management measures/metrics

Project Manager	• integrates risk information from SW Manager, HW Manager, and Integration/Test Manager • reprioritize all risks to determine Top 20% risks in each area (software, hardware, etc.) • makes control decisions (analyze, decide, execute) for Top 20% project risks • authorizes expenditure of project resources for mitigation • assigns or changes responsibility for risks and mitigation plans within the project (e.g., moving responsibility for a risk from software to hardware)

Section 4. Practice Details

This section provides the details about the practice needed to enable project personnel to carry out the risk management activities.

4.1 Establishing Baselines and Reestablishing Baselines

A baseline set of risks will be established at the beginning of the project. That baseline shall be updated or reestablished periodically at major project milestones. Risk baseline reestablishment is conducted using the following process.

Step	Action
1	Project Manager identifies a cross-section of project personnel. All levels and disciplines should be represented in this group.
2	Group uses the TBQ Interview method to generate risks in a two-hour session.
3	Group evaluates risks using the 5-Level Attribute Evaluation method.
4	Group classifies risks according to source in the Risk Taxonomy.
5	Project Manager and Functional Area Managers prioritize to identify the Top N risks or sets of risks.
6	Project Manager and Functional Area Managers compare Top N risks from this effort to existing Top N risks. Expand project Top 20% risks list to include the rebaselining Top N.
7	Project Manager and Functional Area Managers reprioritize new Top N.
8	Assign new Top N risks to personnel to begin building action plans.
9	Add all other rebaseline risks to the database and determine which ones will need to be transferred, delegated, watched, accepted, or researched.
10	Project Manager distributes rebaseline set of risks listing to the project and asks for additional information from anyone in the project who might know more than what is documented.

4.2 Identifying Risks

All personnel are responsible for identifying new risks. The database can be accessed by anyone at any time to identify new risks. The Short TBQ and project data shall be reviewed twice per month by all project personnel to help identify new risks. Project metrics (as defined by the

Goal/Question/Metric method) will be reviewed whenever any predefined thresholds or triggers are reached that would indicate a potential problem (i.e., a risk). Risk statements shall be written according to the format, "condition; consequence." All relevant information shall be captured as context. The risk database shall automatically assign a risk identifier and tag the identifier's name onto the report. The Risk Information Sheet shall be used as the input form for risk information.

Any new risks identified during any project-related meeting shall be added to the database within two working days of the meeting. It is the responsibility of the meeting leader to make sure that this is accomplished.

The following process shall be used to identify new risks.

Step	Action
1	New risk is identified.
2	Statement of risk is written for new risk in the proper format (condition; consequence).
3	Additional information regarding the new risk is captured in the context.
4	Risk statement and context of the new risk are recorded on Risk Information Sheet.
5	Risk statement and context of the new risk are entered in the risk database.
6	New risk is automatically assigned a unique risk identifier by the risk database.
7	Risk statements entered into the database are reviewed weekly by Functional Area Managers.

4.3 Analyzing Risks

Risk attributes of probability, impact, and timeframe shall be estimated by the identifier of the risk and entered at the same time the risk is identified. If the identifier does not know the value of the estimates, it can be skipped during database entry. Functional Area Managers shall be responsible for reviewing and correcting attribute values for new risks on a weekly basis.

The 5-Level Attribute Evaluation method shall be used for evaluating attributes. Following is a list of the specific levels to be used for impact, probability, and timeframe.

Attribute	Value	Description
Impact	Very High (VH)	Schedule slip > 2wks and/or cost overruns > 40% of planned costs
	High (H)	Schedule slip > 1.5wks and/or cost overruns > 30% of planned costs
	Moderate (M)	Schedule slip > 1wk and/or cost overruns > 20% of planned costs
	Low (L)	Schedule slip > 2 days and/or cost overruns > 10% of planned costs
	Very Low (VL)	Schedule slip < 2 days and/or cost overruns 1-5% of planned costs
Probability	Very High (VH)	75-99% chance of occurring
	High (H)	55-75% chance of occurring
	Moderate (M)	25-55% chance of occurring
	Low (L)	10-25% chance of occurring
	Very Low (VL)	1-10% chance of occurring
		*Note: Refers to **when** action must be taken.*
Timeframe	Imminent (I)	Less than one week
	Near-term (N)	One to two weeks
	Mid-term (M)	Two to four weeks
	Far-term (F)	Four to six weeks
	Very Far-term (VF)	Beyond six weeks

Classification shall be done using risk source according to the Risk Taxonomy. Prioritization shall be accomplished noting that only the Top N risks shall receive mitigation resources. Determination of the number of Top 20% risks to maintain shall be made by the Project Manager and Functional Area Managers for the project and the functional area.

The following process shall be used to analyze risks.

Step	Action
1	Risk attributes (impact, probability, and timeframe) are evaluated by the identifier of the risk.
2	Risk attributes are entered into the risk database.
3	Risk attributes are reviewed and corrected weekly by Functional Area Managers.
4	Risks are prioritized and ordered by the Project Manager and Functional Area Managers.

4.4 Planning Risks

All Top 20% risks shall be assigned to someone within the project for responsibility. Accomplishment of actions contributing to the mitigation of the risk may be assigned. Responsibility for a risk means that the responsible person must answer for the status and mitigation of the risk.

Assign responsibility: As newly identified risks are brought to a manager's immediate attention through weekly database reports, the manager shall determine whether to keep the risk, delegate responsibility, or transfer responsibility up the project organization. If transferred, the transferee must make a similar decision.

When you are assigned or keep responsibility for a risk: Decide if the risk requires further research (then create a research plan); accept the risk (document acceptance rationale in the database and close the risk), watch (define tracking requirements, document in the database, and assign watch action), or mitigate (create a mitigation plan, assign actions, and monitor the plan and the risk). Note that only Top N risks shall be mitigated.

Mitigation plans shall be either an action item list or follow the standard template for YPH task plans. Task plans shall be written for any mitigation effort that requires reallocation of project resources. The project manager shall determine when to use a task plan format.

The following process shall be used to plan risks.

Step	Action
1	Individuals are assigned responsibility for all Top 20% risks by the Project Manager or Functional Area Managers.
2	Individual responsible for a risk determines approach to be taken by writing an action plan. Possible actions: research, accept, watch, or mitigate.
3	If a mitigation plan is appropriate, it shall be either an action item list or follow the standard template for YPH task plans.
4	If a mitigation plan is created, a contingency plan shall also be created.
5	All action plans are reviewed by the Project Manager and Functional Area Managers.

4.5 Tracking and Control of Risks

The person responsible for a risk shall provide routine status reports to the Functional Area Managers and PM during weekly Functional Area meetings and the weekly and monthly project meetings. The status for each Top 20% risk shall be reported each week in their respective meetings. Status on all watch lists shall also be reported during the monthly meetings. The Risk Spreadsheet shall be used to report summary status information for risks.

4.6 Summary of Methods and Tools

Method or Tool	Use:
Risk Information Sheet	Used by everyone to document new risks and to add information as risks are managed.
Problem-Solving Planning	Used for developing mitigation plans for complex risks.
Periodic review of project data and the Short TBQ	Used for routine or frequent identification of risks. The short TBQ provides a memory jogger for possible sources of risks and the project data is reviewed with that list in mind.
Goal/Question/Metric for project metrics	Use project metrics to help identify and track risks.
Action Item Lists	Used for developing a list of relatively

	simple mitigation actions.
Spreadsheet Risk Tracking	Used by Functional Area Managers to succinctly report current status information about their teams' risks.
Taxonomy Classification	Used when risks are identified as a structure for grouping related risks. Functional Area Managers use this to help eliminate duplicate risks and combine related mitigation plans.
5-Level Attribute Evaluation	Used when risks are identified to evaluate probability, impact, and timeframe. Also helps level the risks into those that might be important enough to be considered Top 20% risks (filter out the less important risks).
Multivoting	Used by project manager to isolate the Top 20% risks, which will get mitigation resources.

Section 5. Resources and Schedule of Risk Management Milestones

Resources for the management of risks are broken into two categories:

- overhead costs associated with the risk management process: 0.05% of the project budget
- mitigation plan costs: resources associated with mitigation plans, specifically those with task plans

Budget allocation for mitigation plan development and execution is initially set at 1% of the project budget, with equal portions of that distributed to each functional area. Each Functional Area Manager is responsible for managing their mitigation budget. Any requirements for additional mitigation resources must be made to the Project Manager.

Milestones

- Weekly project and functional area meetings shall include statusing of risks.
- Monthly project meetings shall include statusing of risks.
- Top 20% risk status shall be summarized and reported to the Project Manager on a monthly basis.
- The baseline set of risks shall be reestablished on a project milestone basis.

Section 6. Documentation and Risk Information

All risk information shall be documented in the risk database. The risk database is accessible by all project personnel for the purpose of identifying new risks. Once a risk has been assigned to someone, then only that person shall have the authority to update the risk information. The Risk Information Sheet for any risk can be printed by whomever is assigned to the risk. Spreadsheets

and Stoplight Status Reports can only be printed by the Project Manager, Functional Area Managers, or their designated assistants.

The responsible person must document lessons learned before closing the risk. Those lessons learned must be reviewed and approved by whomever is assigned closing authority for the risk before the risk can be officially closed within the database.

Section 7 - Methodology Associated with Project Descope

Should project descope be required, the Project Manager will assemble a team comprised of managers and technical leads to review options and new scope of operations. The Continuous Risk Management paradigm will apply to the new scope of operations.